

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SWF-02 AGR-20 FEA-02 SP-03 AID-20 EB-11

NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 DODE-00 PM-07 H-03 L-03 PA-04

PRS-01 USIA-15 DRC-01 /192 W
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R 181700Z JUN 74

FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC 4403
INFO AMEMBASSY CARACAS

C O N F I D E N T I A L MANAGUA 2373

E. O. 11652: GDS

TAGS: PFOR, NU

SUBJECT: GENERAL SOMOZA HAS DISCUSSION WITH VENEZUELAN FINANCE MINISTER

1. NICARAGUAN GENERAL ANASTASIO SOMOZA HAS ADVISED THE AMBASSADOR THAT DURING SOMOZA'S DISCUSSION LAST WEEK WITH VENEZUELAN MINISTER OF FINANCE, HURTADO - HURTADO MADE THE FOLLOWING POINTS:

(1) VENEZUELA PRESENTLY PLANS TO CONTRIBUTE \$500 MILLION TO THE IDB TO BE HANDLED UNDER THE NORMAL LOAN ARRANGEMENTS OF THE INTER-AMERICAN DEVELOPMENT BANK.

(2) HURTADO TOLD SOMOZA THAT VENEZUELA PLANNED TO ESTABLISH AN INTERNAL INVESTMENT CORPORATION AND WC EXTERNAL INVESTMENT CORPORATION

WHICH WOULD BE PRIMARILY DESIGNED TO SEEK OUT APPROPRIATE INVESTMENT OPPORTUNITIES FOR GOVERNMENT OIL REVENUES, DESIGNED TO HEDGE AGAINST MONETARY INFLATION.

(3) SOMOZA SAID THAT HURTADO ADVISED THAT VENEZUELAN
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PRESIDENT PEREZ, WANTS TO HOLD A MEETING NEXT MAY WITH ALL

LATIN AMERICAN PRESIDENTS TO DISCUSS AMONG OTHER THINGS, THE "DEFENSE OF PRICES OF RAW MATERIALS AND PRODUCTS OF LATIN AMERICAN COUNTRIES". SOMOZA SAID THAT HURTADO ALSO SAID THAT VENEZUELA PLANS TO ESTABLISH A LATIN AMERICAN MARKETING ORGANIZATION AND A LATIN AMERICAN SHIPPING ORGANIZATION TO FACILITATE THE MOVEMENT OF GOODS AND MATERIALS TO AND FROM LATIN AMERICA, AND TO MARKET ITEMS INTO, AND FROM, LATIN AMERICAN COUNTRIES AT THE MOST ADVANTAGEOUS PRICES.

2. SOMOZA SAID THAT HURTADO ALSO STATED THAT VENEZUELA IS GOING TO ADVISE ECUADOR TO IMPOSE A TAX ON BANANAS AS PROPOSED BY THE CENTRAL AMERICAN BANANA PRODUCING COUNTRIES. SOMOZA GAINED THE IMPRESSION THAT VENEZUELA DOES NOT WISH TO SEE A CARTEL ARRANGEMENT SUCH AS THE CURRENT BANANA CARTEL FAIL AS IT COULD POSSIBLY HAVE A BAD EFFECT ON OTHER TYPE CARTEL PRICE ARRANGEMENTS SUCH AS PRICES IMPOSED ON PETROLEUM.

3. SOMOZA ENTERTAINED MINISTER OF FINANCE, HURTADO, AT LUNCHEON DURING HIS STAY IN MANAGUA.
SHELTON

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NNN

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